

# 2007-2008 PERFORMANCE PLAN – Chief Operating Investment Officer (A. Stausboll)

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## Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	3 <sup>rd</sup> Quarter Status
20%	Leadership	<p>Demonstrate leadership within CalPERS and in the external investment community, as both industry and staff (or team) leader. Dimensions, all of which will be considered, include:</p> <ul style="list-style-type: none"> <li>• <b>Within Investment Group</b> (e.g., teamwork within and across asset classes, timely preparation of staff performance appraisals, appropriate employee recognition)</li> <li>• <b>Trustees</b> (e.g., written and oral presentations to Investment Committee and Investment Policy Subcommittee)</li> <li>• <b>CalPERS</b> (e.g., involvement in enterprise-wide initiatives and programs)</li> <li>• <b>External Investment Community</b> (e.g., relationships with external business partners and stakeholders, presentations at conferences and similar events, representation on external boards and committees)</li> <li>• <b>Investment Policy</b> (e.g., actively promote effective implementation of investment policy decisions made by the Chief Investment Officer and the Board)</li> <li>• <b>Diversity</b> (e.g., promote meaningful diversity among our investment partners and staff)</li> <li>• <b>Succession Plan</b> (e.g., training and developing strong internal candidates to potentially fill my role in the future)</li> </ul>	From schedule	<p>Continued coordination of Strategic Planning and teambuilding/leadership efforts for Investment office.</p> <ul style="list-style-type: none"> <li>• Held Strategy Session on 2/29 for senior management.</li> <li>• Teambuilding roll-out for all INVO staff to begin in April.</li> </ul> <p>Worked with CIO, INVO staff, and other CalPERS divisions to implement new INVO initiatives, including e.g. new Inflation Linked Asset Class, IT Initiative, and Incentive Comp. Initiative.</p> <p>Ongoing development and review of Investment Committee, Policy Subcommittee agenda items, including proposed Infrastructure Policy. Continued Policy Review project (comprehensive review and streamlining of Investment Policies).</p> <p>Ongoing service as Board Member (and CalPERS representative) for United Nations Principle for Responsible Investment, Ceres, and Toigo Advisory Board. Attended UN PRI Board Meeting on 3/10 -11; Ceres Board Meeting on 1/17; and Toigo Advisory Committee on 3/26. Participated in drafting INCR Call to Action, announced at 2/14 UN Summit, to which CalPERS is a signatory.</p> <p>Coordinated recruitment/networking effort with Toigo, held on 2/19.</p> <p>Served on Advisory Committee for Annual Plan Sponsor and Minority Manager Consortium.</p>

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	Leadership (Continued)			Members of CalPERS ETM Steering Committee. Worked on succession planning within INVO, through proposed organizational changes and staff development.  Attended Jan 08 Board Offsite meeting and presented findings and recommendations on: 1) Potential new Investment Products for CalPERS members, and 2) Consultant Roles and Responsibilities.
15%	Consultant Roles and Responsibilities	By June 30, 2008, complete review of the roles and responsibilities of the Board's independent investment consultants, and present findings and recommendations to Board.	From schedule	Completed at January 2008 Board Offsite, presented finding and recommendations to the Board. (Staff is following up as requested by the Board)
15%	Investment Products	Research potential additional products for CalPERS members and present findings and recommendations at January 2008 Board Offsite.	From schedule	Completed at January 2008 Board Offsite, presented findings and recommendations on potential additional products for CalPERS members. (Staff is following up as discussed at the offsite, with market survey)
15%	Investment Staff Recruitment Strategy	By June 30, 2008, develop a comprehensive recruitment strategy for the Investment Office, with an emphasis on campus recruitment.	From schedule	Continued working with Human Resources on investment component of enterprise-wide recruitment plan. Completed survey (including interviews) of INVO senior staff to identify current and potential recruitment efforts, and provided summary and input to HR. Worked with Public Affairs to develop content for CalPERS-wide recruitment publication. Identified pilot list of career fairs to attend. Strategy/plan for next 12 months is being developed and is on track for June completion.

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20%	Unitization and Supplemental Income Plan Line-Up	<p>By June 30, 2008, determine feasibility of and obtain CIO approval for a plan to unitize appropriate remaining portfolios (which could include, e.g., illiquid asset classes and externally managed portfolios) to enable enhanced portfolio product offerings by the SIPD, as well as improved asset allocation for the Affiliate Funds and the Annuitants' Healthcare Coverage Fund.</p> <p>By June 30, 2008, develop and obtain CIO approval for the second phase enhanced product line-up for the Supplemental Income Plan, including e.g., asset allocation funds, retention of small/mid cap managers, and additional PERF offerings (subject to feasibility and implementation of the unitization framework).</p>	From schedule.	<p>Completed RFP process to update general consultant pool and identified appropriate consultant to assist in unitization analysis.</p> <p>Completed RFP process and retained advisor to develop customized asset allocation funds using CalPERS portfolios. Worked with CitiStreet to develop timeline and milestones for roll-out of second phase enhanced line up for SIP. Next report to Investment Committee scheduled for April 2008. In June 2008, staff intends to present asset allocation funds policy to the Investment Policy Subcommittee, and the proposed fund line-up to the Investment Committee. Implementation is on track and is scheduled for fall 2008.</p>
15%	Redesign Investment Management Incentive Compensation System	By June 30, 2008, complete the redesign of the investment management incentive compensation system, for implementation 2008-09.	From schedule.	<p>Continued work in conjunction with Human Resources, Watson Wyatt, and Wilshire Associates on research and analysis of redesign features.</p> <p>Coordinated with Wilshire to prepare extensive data on impact of proposals.</p> <p>Held Additional meeting with senior INVO staff to share status and obtain input.</p> <p>Began work on formal presentation materials. Board Workshop rescheduled for May.</p>
100%	Total	Qualitative Measures		